

GENERAL AMERICAN MUTUAL HOLDING COMPANY
IN REHABILITATION

FINANCIAL STATEMENTS

Year ended December 31, 2001



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ACCOUNTANTS' COMPILATION REPORT

To Albert Riederer, Special Deputy Rehabilitator

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

We have compiled the statement of net assets of General American Mutual Holding Company In Rehabilitation as of December 31, 2001, and the related statements of changes in net assets, receipts, and disbursements for the year ended December 31, 2001 included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Missouri Department of Insurance information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements, including related disclosures, are presented in accordance with the requirements of the Missouri Department of Insurance, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
April 19, 2002

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF NET ASSETS

As of December 31, 2001

ASSETS

	Type of Asset	Subtotal Column	Total
Cash			\$ 2,658
Short-term Obligations			45,468,926
Deposits Held for Other States			-
Bonds:			
U.S. Government, including mortgage backed		\$ 145,909,333	
Industrials, Public Utilities		80,865,035	
Municipal/Non-revenue		883,585,749	
Railroad		-	
Banks, Insurance and Other Financial Institutions		173,531,561	
MVA on Bonds		<u>16,331,500</u>	
Total Bonds			1,300,223,178
Stocks:			
Preferred		-	
Common		-	
MVA		<u>-</u>	
Total Stock			-
Mortgage Loans			-
MVA			-
Real Estate			-
MVA			-
Policy Loans			-
Other Invested Assets			
Asset 1		-	
Asset 2		-	
Asset 3		-	
Any applicable MVA or adj. for uncollectible		<u>-</u>	
Total of Other Invested Assets			-
Advances to Guaranty Associations			-
Recoverable from Reinsurers:			
Paid Losses		-	
Paid LAE		-	
Known Case Loss Reserves		-	
Known Case LAE Reserves		-	
IBNR Loss Reserves		-	
IBNR LAE Reserves		-	
Unearned Ceded Premiums		-	
Contingent Commissions (If not claims)		-	
MVA		<u>-</u>	
Total Recoverable from Reinsurers			-
Federal Income Tax Recoverable			4,162,292
Other Taxes Recoverable			-
Salvage and Subrogation Recoverables			-
Premiums Due and Accrued			-
Agents' Balances			-
Receivable from Affiliates			-
Accrued Investment Income			15,574,095
Equipment, Furnishings and Supplies			7,051
Other Fixed Assets			-
Depreciation on Equipment & Other Fixed Assets			(583)
Other Assets:			
Asset 1 – Accounts receivable on pending investment sales		59,599	
Asset 2 –		-	
Asset 3 –		-	
Any applicable MVA or adj. for uncollectible		<u>-</u>	
Total Other Assets			<u>59,599</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF NET ASSETS

As of December 31, 2001

ASSETS

Type of Asset	Subtotal Column	Total
Total Unrestricted Assets		\$ 1,365,497,216
Restricted Assets		<u>-</u>
Total Assets		<u>\$ 1,365,497,216</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF NET ASSETS

As of December 31, 2001

LIABILITIES

Type of Liability	Subtotal Column	Total
Secured Claims		\$ -
Class 1 Administrative Claims:		
GF	\$ -	
General Administrative Expenses Pending	125,001	
Total Class 1 Claims		125,001
Class 2 Policy Benefit Claims:		
GF Covered	-	
Ancillary	-	
NGC	-	
Total Class 2 Claims		-
Class 3 U.S. Government		-
Class 4 Employee Compensation		-
Class 5 Premium and General Creditor Claims:		
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
Total Class 5 Claims		-
Class 6 State & Local Government		-
Class 7 Late Filed		-
Class 8 Surplus Note		-
Class 9 Ownership Related		-
Total Liabilities		125,001
Excess (Deficiency) of Assets Over Liabilities		1,365,372,215
Total		\$ 1,365,497,216

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2001

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</u>
Net Assets at December 31, 2000, restated	\$	1,299,880,877
Increases in Net Assets:		
Premium	\$ -	
Commission	-	
Rental Income	-	
Mortgage Receipts (Principal & Interest)	-	
Policy Loan Receipts (Principal & Interest)	-	
Proceeds from Sales of Real Estate	-	
Proceeds from Sales of PP&E	-	
Reinsurance Recoveries on Losses	-	
Reinsurance Recoveries on LAE	-	
Agents Balances Received	-	
Collection of Affiliate Receivables	-	
Salvage and Subrogation Recoveries	-	
Recovery of Taxes Previously Paid	13,021,768	
Interest & Dividend Income	65,671,010	
Other Income – Unrealized appreciation of investments	5,791,111	
Other Income – Gain on sale of investments	1,645,165	
Proceeds from Sales and Maturities of Investments	-	
Proceeds from legal settlement	<u>2,012,844</u>	
Total Increase in Net Assets		88,141,898
Decreases in Net Assets:		
Secured Claims		
Class 1 Administrative Claims:		
Legal fees	(1,068,670)	
Audit, accounting, and actuarial fees	(4,168,137)	
Special Deputy Receiver fees	(300,000)	
Consulting fees	-	
Policy holder notification expenses	-	
Salaries	-	
Employee benefits	(4,296)	
Payroll and related taxes	(72,463)	
Rent and related expenses	(9,691)	
Office expenses	(28,861)	
Acquisition of fixed assets	-	
Investment expenses	(2,193,930)	
Other disbursements – Interest expense	(1,603)	
Other disbursements – Quarterly federal and state income tax payments	<u>(14,802,909)</u>	
Total Class 1 Claims	<u>(22,650,560)</u>	
Class 2 Policy Benefit Claims:		
GF Covered Paid Loss	-	
GF Covered Open Loss	-	
GF Covered Paid LAE	-	
GF Covered Open LAE	-	
Ancillary Paid	-	
Ancillary Open	-	
NGC Paid	-	
NGC Open	<u>-</u>	
Total Class 2 Claims	<u>-</u>	

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2001

<u>Itemization of Individual Net Asset Changes</u>	<u>Individual Amounts of Net Asset Changes</u>	<u>Totals Column</u>
Class 3 U.S. Government	\$ -	
Class 4 Employee Compensation	-	
Class 5 Premium and General Creditor Claims:		
GF Covered Premium	-	
Reinsurance Assumed	-	
Reinsurance Ceded	-	
NGC Premium	-	
Ancillary	-	
Other NGC General Creditor	-	
Total Class 5 Claim	-	
Class 6 State & Local Government	-	
Class 7 Late Filed	-	
Class 8 Surplus Note	-	
Class 9 Ownership Related	-	
Amounts Expensed for Investment Purchases	-	
Total decrease in net assets		<u>(22,650,560)</u>
Net assets at December 31, 2001		<u>\$ 1,365,372,215</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF RECEIPTS

Year ended December 31, 2001

<u>Type of Receipt</u>	<u>Year ended December 31, 2001</u>	<u>Period from November 30, 1999 to December 31, 2001</u>
Premium Receipts	\$ -	\$ -
Commission Receipts	-	-
Rental Receipts	-	-
Mortgage Receipts:		
Principal	-	-
Interest	-	-
Policy Loan Receipts:		
Principal	-	-
Interest	-	-
Proceeds from Sales:		
Real Estate	-	-
PP&E	-	-
Reinsurance Recoveries	-	-
Agents' Balances Received	-	-
Collection of Affiliate Receivables	-	-
Salvage and Subrogation Recoveries	-	-
Recovery of Taxes Previously Paid	8,859,476	52,577,146
Interest and Dividend Receipts	83,107,899	135,802,694
Other Receipts:		
Receipt 1 – Advance from GALIC	-	4,985,445
Receipt 2 – Proceeds from sale of GAMHC to MetLife	-	1,201,318,368
Receipt 3 – Deposit from GALIC for expected income tax liability for 2000	-	125,000
Receipt 4 – Proceeds from 1999 income tax refund	-	33,705,000
Receipt 5 – Proceeds from MetLife for 1999 income tax refund	-	33,705,000
Receipt 6 – Proceeds from MetLife for recovery of taxes previously paid	-	43,717,670
Receipt 7 – Legal settlement	1,811,808	1,811,808
Receipt 8 - Miscellaneous	<u>2,427</u>	<u>2,427</u>
Total Before Proceeds from Investment Sales and Maturities	<u>93,781,610</u>	<u>1,507,750,558</u>
Proceeds from Sales and Maturities of:		
Short-term Investments (Net)	2,409,361,472	3,406,476,608
Bonds	2,524,404,775	13,177,220,863
Stocks	<u>-</u>	<u>-</u>
Total Proceeds from Investment Sales and Maturities	<u>4,933,766,247</u>	<u>16,583,697,471</u>
Total Cash Receipts	<u>\$ 5,027,547,857</u>	<u>\$ 18,091,448,029</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

STATEMENT OF DISBURSEMENTS

Year ended December 31, 2001

<u>Disbursement Category</u>	<u>Gen. Admin. Expenses</u>	<u>Claims Admin. Expenses</u>	<u>Asset Recovery Expenses</u>	<u>Total Disbursements</u>
Disbursements:				
Loss/Benefit Payments	\$ -	\$ -	\$ -	\$ -
LAE Payments	-	-	-	-
Reinsurance Payments	-	-	-	-
Legal Fees	1,068,670	-	-	1,068,670
Audit, Accounting, & Actuarial Fees	4,168,137	-	-	4,168,137
Special Deputy Receiver Fees	300,000	-	-	300,000
Consulting Fees	-	-	-	-
Policy Holder Notification Expenses	-	-	-	-
Salaries	-	-	-	-
Employee Benefit	4,296	-	-	4,296
Payroll and Related Taxes	72,463	-	-	72,463
Rent and Related Expenses	9,691	-	-	9,691
Office Expenses	28,861	-	-	28,861
Acquisition of Fixed Assets	2,731	-	-	2,731
Investment Expenses	2,193,930	-	-	2,193,930
Other Disbursements:				
Disbursement 1 – December 31, 2001 estimated income tax payments	14,802,909	-	-	14,802,909
Disbursement 2 – Purchased interest	-	-	8,317,319	8,317,319
Disbursement 3 – Interest expense	1,603	-	-	1,603
Total Disbursements Before Distributions And Investment Purchases	<u>22,653,291</u>	<u>-</u>	<u>8,317,319</u>	<u>30,970,610</u>
Distributions:				
Early access distributions	-	-	-	-
Interim or final distributions	-	-	-	-
Total Distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements and Distributions Before Investment Purchases	<u>22,653,291</u>	<u>-</u>	<u>8,317,319</u>	<u>30,970,610</u>
Investment Purchases:				
Short-term Investments	-	-	2,427,390,020	2,427,390,020
Bonds	-	-	2,569,211,678	2,569,211,678
Stocks	-	-	-	-
Total Investment Purchase Transactions	<u>-</u>	<u>-</u>	<u>4,996,601,698</u>	<u>4,996,601,698</u>
Total Disbursements, Distributions, and Investment Purchases	<u>\$ 22,653,291</u>	<u>\$ -</u>	<u>\$ 5,004,919,017</u>	<u>\$ 5,027,572,308</u>
Net Increase in Cash				(24,451)
Cash at Beginning of Period				<u>27,109</u>
Cash at End of Period				<u>\$ 2,658</u>

See Accountants' Compilation Report

See Notes to Financial Statements

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Notes to Financial Statements are not a requirement under the prescribed format of the Missouri Department of Insurance. The accompanying disclosures include selected information that is not intended to be all-inclusive.

Organization - GAMHC entered into a \$1,200,000,000 stock purchase agreement with Metropolitan Life Insurance Company (MetLife) on August 26, 1999 to sell the common stock of GenAmerica Corporation. In accordance with this stock purchase agreement, the funds, once received, are to be held in an account and used to indemnify MetLife with respect to outstanding claims and losses set forth in the purchase agreement, and to pay certain taxes and expenses of GAMHC, including those associated with the Rehabilitation. The purchase agreement was closed on January 6, 2000.

Principles of accounting – These financial statements represent an accounting for the assets and liabilities of General American Mutual Holding Company (GAMHC) from the point in time the respective assets and liabilities were transferred to the control of the Special Deputy Rehabilitator until such time as the assets and liabilities are liquidated or the control of these items are transferred from the Special Deputy Rehabilitator to another party.

The following items have been transferred to the control of the Special Deputy Rehabilitator since November 30, 1999:

- a) On November 30, 1999, GAMHC in Rehabilitation received a cash advance \$4,985,445 from GALIC.
- b) On December 1, 1999, a \$5,000,000 loan payable, dated September 19, 1999, from GAMHC to General American Life Insurance Company (GALIC), maturing January 2000 at a 6.5% interest rate was received.
- c) On January 6, 2000, \$1,202,818,368, including interest, was received from Metropolitan Life Insurance Company (MetLife) in connection with the stock purchase agreement with GenAmerica Corporation. At the time of closing, \$1,500,000 of the sale proceeds were paid directly to GALIC to satisfy a portion of the outstanding note payable. The remaining amounts due on the note payable, including interest totaling \$100,616, were paid to GALIC in January 2000 by GAMHC in Rehabilitation.
- d) On April 17, 2000, \$125,000 was received from GALIC as a deposit of their portion of state income taxes for the first quarter of 2000.
- e) In January, 2000, \$33,705,000 was received relating to the 1999 income tax refund of GAMHC. Per a court order dated, February, 2000, GAMHC in Rehabilitation was required to repay this amount to GALIC upon receipt of a like amount from MetLife.
- f) In November, 2000, a \$43,717,670 refund was received relating to the amended federal income tax returns for the years ending 1994, 1996, 1997 and 1998 for GAMHC. GAMHC in Rehabilitation repaid this amount to GALIC upon receipt of a like amount from MetLife.

See Accountants' Compilation Report

GENERAL AMERICAN MUTUAL HOLDING COMPANY IN REHABILITATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Income taxes – Income taxes are being recorded on a cash basis due to several uncertainties, the most significant of which is the fact the Company has six years of income tax returns under review by the Internal Revenue Service. In November 2001, \$9,091,328 was received relating to the 2000 income tax refund of GAMHC. Of this refund amount, \$286,152 was the interest portion. In December 2001, a \$4,162,292 income tax refund was due from the state of Missouri relating to the 2000 income taxes of GAMHC.

Claims payable – No filed or pending claims have been reflected in the financial statements, except for those approved by the Special Deputy Rehabilitator. The filed or pending claims could have a material impact on the financial statements.

Accrued expenses – Liabilities incurred but not paid as of December 31, 2001 have not been reflected in the financial statements. The accrued liabilities could have a material impact on the financial statements.

Lawsuit – In November 2001, \$2,012,844 was received from MetLife as a settlement for legal action filed by GAMHC against MetLife. According to the agreement, GAMHC was to receive \$1,811,808 in the Judgement, along with 6% interest from the date of the Judgement to the date of payment. Of the settlement amount, \$198,653 represents the interest earned.

(2) Restatement

The balance of excess (deficiency) of assets over liabilities at December 31, 2000 has been restated from the amount previously reported to reflect the accrual of investment income on securities held at December 31, 2000. The components of this restatement as it affects excess (deficiency) of assets over liabilities and total assets are as follows:

	Excess (Deficiency) of Assets Over Liabilities December 31, 2000	Total Assets as of December 31, 2000
Balance, as previously reported	\$ 1,281,395,195	\$ 1,281,520,196
To accrue interest income on investments held	<u>18,485,682</u>	<u>18,485,682</u>
Balance, as restated	<u>\$ 1,299,880,877</u>	<u>\$ 1,300,005,878</u>

See Accountants' Compilation Report